

**MINUTES OF THE
EXECUTIVE APPROPRIATIONS COMMITTEE**
Wednesday, February 17, 2016 – 4:00 p.m. – Room 445 State Capitol

Members Present:

Sen. Lyle W. Hillyard, Co-Chair
Rep. Dean Sanpei, Co-Chair
Sen. Jerry W. Stevenson, Vice Chair
Rep. Brad L. Dee, Vice Chair
Sen. J. Stuart Adams
Sen. Gene Davis
Sen. Jim Dabakis
Sen. Luz Escamilla
Sen. Peter C. Knudson
Sen. Karen Mayne
President Wayne L. Niederhauser
Sen. Ralph Okerlund
Rep. Patrice M. Arent

Rep. Joel K. Briscoe
Rep. Rebecca Chavez-Houck
Rep. James A. Dunnigan
Rep. Francis D. Gibson
Speaker Gregory H. Hughes
Rep. Brian S. King
Rep. Brad R. Wilson

Staff Present:

Mr. Jonathan Ball, Legislative Fiscal Analyst
Mr. Steven Allred, Deputy Director
Ms. Greta Rodebush, Legislative Secretary
Ms. Linda Black, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.leg.utah.gov.

1. Call to Order/Approval of Minutes

Co-Chair Sanpei called the meeting to order at 4:23 p.m.

MOTION: Sen. Hillyard moved to approve the minutes of February 5, 2016. The motion passed unanimously with Sen. Adams, Sen. Davis, President Niederhauser, Rep. Dunnigan, Rep. Gibson, Rep. King and Rep. Wilson absent for the vote.

2. Subcommittee Budget Reports

a. Retirement and Independent Entities (Tab 8)

Sen. Todd Weiler and Rep. Kraig Powell, Co-Chairs, and Rep. Rich Cunningham, House Vice Chair, presented the [Retirement and Independent Entities Appropriations Subcommittee Recommendations Report](#). Mr. Brian Fay, Fiscal Analyst, LFA, and Dr. Thomas Young, Senior Economist/Forecaster, LFA, provided assistance.

Sen. Weiler explained that the subcommittee prioritized the Utah Education and Telehealth Network (UETN) funding, with the first priority being Item 1. (UETN) Equipment and Public Education Growth, \$5.7 million ongoing, and Item 1. (UETN) Equipment and Public Education Growth, \$5.2 million one-time. He highlighted the details behind those budget requests. The subcommittee's second priority is Item 2. (UETN) Utah Futures, \$2 million one-time or ongoing to continue the program.

The subcommittee also recommended an additional \$593,100 federal funds authorization for FY 2016 for the UETN.

Sen. Weiler indicated that the UETN reported to the subcommittee what they had done with the money they had received last year to upgrade the network. He stated that the results are remarkable and the subcommittee is very impressed with the progress they have made.

Co-Chair Sanpei observed that the \$5.7 million ongoing and \$5.2 million one-time amounts for the UETN were more than originally discussed. He asked what would be the impact if those amounts were scaled back. Sen. Weiler said that the amounts could be scaled back but he pointed out that this is a multi-year plan to upgrade the equipment, which has to be replaced every ten years.

Rep. Briscoe inquired about the federal funding for UETN Operating and Capital Budgets, specifically, the \$3,186,400 appropriated and the subcommittee adjustment for \$593,100. Rep. Powell responded that the \$593,100 adjustment are Medicaid funds that will be used to buy interactive video conferencing equipment and that most of the \$3,186,400 are Federal Funds for corporate broadcasting.

Sen. Weiler stated that if cuts were to be made to the UETN, the one-time money is the most critical.

Co-Chair Sanpei thanked the chairs.

b. Business, Economic Development, and Labor (Tab 2)

Sen. Brian Shiozawa and Rep. Dixon Pitcher, Co-Chairs, and Rep. Stewart E. Barlow, House Vice Chair, presented the [Business, Economic Development, and Labor Appropriations Subcommittee Recommendations Report](#). Dr. Andrea Wilko, Chief Economist, LFA, and Ms. Clare Tobin Lence, Fiscal Analyst, LFA, provided assistance.

Rep. Pitcher reported that the subcommittee approved restricted fund and dedicated credit increases for the Tax Commission, Labor Commission, Financial Institutions, USTAR, and Heritage and Arts. These increases will allow the agencies to collect revenue from new fees and fee increases, disburse beer tax revenue to local law enforcement agencies, update computer hardware, pay electronic payment fees and fund new items such as the Lassonde Institute for Community Banking and a Labor Commission administration law judge.

Rep. Pitcher indicated that these increases will also allow the Labor Commission to complete its multi-year Electronic Data Interchange project, which facilitates electronic reporting of industrial accidents by employers, and thus far, has greatly improved the efficiency of the division.

The subcommittee also approved nonlapsing intent language for the agencies in the current year and authorized fees with one change to a Commerce fee for charities from \$100 to \$75 to accurately reflect the actions the Legislature took last General Session.

The subcommittee voted to move the \$100,000 General Fund, one-time allocated last year to GOED – Business Development to the Legislature’s budget where it was originally intended to go.

Finally, the subcommittee prioritized 39 one-time items and 27 ongoing items heard by the subcommittee including agency requests, approximately 59 requests for appropriation, and bills.

In response to Rep. Briscoe's inquiry, Rep. Barlow indicated that all items on the ongoing and one-time priority lists on pages 2-1 through 2-3 were in priority order.

President Niederhauser inquired about Item 5. (Txfrs-BEDL) Tourism Marketing, \$3 million ongoing. He noted that last year the Legislature funded Tourism Marketing for \$15 million ongoing and \$3 million one-time. With the \$3 million ongoing request replacing the \$3 million one-time from last year, the new total would be \$18 million. President Niederhauser remarked that according to the formula, we should be at \$21 million.

Sen. Shiozawa made some general observations about having to prioritize so many projects given the limited amount of funds that were available. He said that some worthy requests projects were reduced because the subcommittee simply did not have the money. Sen. Shiozawa also felt that the Legislature needs to figure out a way to provide agencies, like the DABC and GOED, with the ability to run their businesses.

President Niederhauser asked where the subcommittee would prioritize funding for the Item 5. (GOED) Hill Air Force Base – Falcon Hill Software Building, \$1 million one-time, and Item 5. (Txfrs) Tourism Marketing, \$3 million ongoing. Rep. Pitcher pointed out that Falcon Hill was high on the list but the subcommittee did not have the money to fully fund the \$21.5 million project. Rep. Barlow added that the subcommittee would have liked to have met the \$21 million benchmark for Tourism Marketing, but the money was not there.

President Niederhauser also inquired about the Uintah City Fire Department one-time request.

Rep. Barlow identified two additional requests that were well beyond available the funds that were available: Item 15. (GOED) Utah Advanced Materials and Manufacturing Initiative at the U of U, \$1 million one-time, and Item 17. (GOED) Procurement and Business Expansion Service, \$500,000 ongoing.

Sen. Mayne inquired about the funding for Item 1. (DABC) Ongoing Funding to Operate Six Stores, \$500,000 ongoing. Mr. Ball explained that the ongoing funding replaces \$500,000 one-time that the Legislature had consistently appropriated to DABC since 2008. He point out that one-time monies were not funded in FY 2016.

Sen. Mayne also inquired about the funding request for Item 2. (DABC) Staff for New West Valley Store, \$557,400 ongoing. Sen. Mayne felt that an interim study of the DABC would prove useful in understanding how it functions so that DABC can be funded correctly.

Rep. Arent expressed the need for a process that looks at the viability of all funding requests.

Sen. Davis complimented the subcommittee chairs for a job well done. He appreciated in particular, the inclusion of all subcommittee members in the budget discussions. Sen. Davis remarked that the Business, Economic Development, and Labor Appropriations Subcommittee is faced with the task of budgeting for state agencies, and at the same time, is trying to find money to help local communities sustain certain programs. He stated that it is important to do both.

Sen. Davis commented that having a good management tool and enough operating capital would help the DABC manage growth, manage business, and generate profits.

President Niederhauser inquired further about Item 9. (GOED) Outdoor Retailer Pavilion Support, \$1.25 million ongoing, Item 32. (GOED) Outdoor Retailer Pavilion Support, \$936,000 one-time, and Item 12. (GOED) STEM Action Center, \$3.6 million one-time. Rep. Pitcher explained the need for additional exhibit space and the economic benefit of keeping the Outdoor Retailers Show in Salt Lake City.

Sen. Shiozawa called attention to one other STEM request, Item 14. (GOED) STEM Action Center, \$3 million ongoing. He pointed out that STEM's original one-time request was for \$15 million. Sen. Shiozawa suggested that an interim study might be useful in finding out what STEM intends to do with future allocations and the timelines for the delivery of certain metrics. President Niederhauser asked if the combined requests for \$6.6 million would cover STEM's commitments for now. Sen. Shiozawa said that they would.

Sen. Davis mentioned that the subcommittee had considered funding the Outdoor Retailer Pavilion request with Industrial Assistance Funds, which had been done for the past two years, but decided to use General Fund.

Co-Chair Sanpei thanked the subcommittee members for their work especially in prioritizing all of the different requests from various entities and businesses.

c. Social Services (Tab 9)

Sen. Allen M. Christensen and Rep. Paul Ray, Co-Chairs, and Rep. Edward Redd, House Vice Chair, presented the [Social Services Appropriations Subcommittee Recommendations Report](#). Mr. Russell Frandsen and Mr. Stephen Jardine, Fiscal Analysts, LFA, provided assistance.

Sen. Christensen highlighted changes in six areas that resulted in fewer demands on the General and Education Funds amounting to \$46.7 million.

Sen. Christensen noted that the items that were entirely funded internally were listed without a priority number at the top of the "Ongoing Fund Request Priority List" on page 9-1 and the "One-time Funding Priority List" on page 9-2. The subcommittee had enough internal savings to fund through Item 18. (DHS) Vehicles at Division of Child Family Services, \$200,000 one-time, which included Item 2. (DOH) Medicaid Caseload, Inflation and Program Changes, \$18 million one-time.

Sen. Christensen spoke in support of funding Item 27. (DHS) Domestic Violence Intervention Program, \$756,700 one-time. He noted that the Legislature funded the program last year and that it is showing significant returns.

Rep. Ray indicated that the subcommittee moved Item 5. (DHS) Youth in Custody Aging-out, \$897,000 one-time to the one-time list but would prefer that it be ongoing. Item 15. (DHS) Senior Nutrition (Meals on Wheels), \$154,700 ongoing, was moved back to ongoing but the subcommittee felt that one-time

funding would be better than nothing. Finally, in regards to Item 13. (DHS) Medicaid Match Funds for Local Mental Health, \$6.4 million ongoing, the subcommittee would prefer one-time to no funding at all. Rep. Ray referred to the “Special Motions” on page 9-73 that lists intent language proposed for inclusion if the Legislature funds certain building blocks. The subcommittee voted to raise the cremation fee from \$45 to \$100 effective July 1, 2016 to help fund the Medical Examiner. Intent language was requested to make that fee increase effective April 1, 2016, in advance of the upcoming budget year.

Finally, Rep. Ray remarked that if the Medicaid consensus update in February reduces the FY 2016 cost estimate, this would free up more one-time internal savings to fund more one-time items in Social Services.

Rep. Redd stated that the subcommittee recommended shoring up ongoing programs because many of the subcommittee’s top priorities were funded with one-time money last year. He also reported that in the last six meetings since reporting to EAC, the subcommittee provided 109 opportunities for people to provide public comment. Overall, the subcommittee met 14 times for a total of about 40 hours of meeting time.

Sen. Okerlund asked if the Item 15. (DHS) Senior Nutrition (Meals on Wheels), \$154,700 ongoing, is leveraged with federal funds. Sen. Christensen confirmed that the program was leveraged with \$345,300 federal funds for a total of \$500,000. He indicated that the State could draw down federal funds as long as it provided a match, be it ongoing or one-time.

President Niederhauser asked if the last year’s funding to increase the wages for workers in DSPD was reflected on the list. Sen. Christensen identified Item 7. (DHS) Direct Care Staff Salary Increase Phase II, \$5 million ongoing, as a 3-year request. President Niederhauser also asked about the funding for the Item 25. (DWS) Pamela Atkinson Homeless Trust Fund, \$2.5 million ongoing. Rep. Ray clarified that the initial request for the Pamela Atkinson Homeless Trust Fund was for \$20 million. The subcommittee recommended \$2.5 million ongoing and \$7 million one-time to get the program through the first year.

Sen. Christensen explained the following Medicaid expansion requests: Item 10. (DOH) Uninsured Poverty Gap, \$10 million ongoing; Item 39. (DOH) Utah Medicaid Amendments, \$27.4 million ongoing; Item 48. (DOH) S.B. 77, Medicaid Expansion Proposal, \$51,444,300 ongoing; and Item 39. (DOH) Utah Medicaid Amendments, (\$26,460,400 one-time).

Co-Chair Sanpei remarked that not all of these requests would be funded simultaneously. In response, Sen. Christensen stated that one at the most, if that, would be funded.

Sen. Mayne inquired about Item 28. (DHS) Foster Families of Utah, \$750,000 ongoing. Rep. Ray explained that the \$750,000 represents an increase in the Foster Care rate.

Speaker Hughes asked about the possibility of coordinating data collection efforts to avoid overlap and make better use of finite resources. Rep. Ray indicated that he would be meeting with Rep. Hutchings to discuss which programs overlap with the Juvenile Reinvestment Initiative.

Rep. Gibson inquired about voiced concerns that the money the Legislature appropriated for DSPD wage increases was going toward administration, higher costs, and management rather than to the people the wage increase was intended. Sen. Christensen said that those concerns were voiced to the Social Services

Appropriations Subcommittee. Currently, audits are being conducted on various providers to make sure the money went to where it was intended. He noted that about 94 percent of the money went to frontline providers and that most of the people received a \$1.15 an hour raise. This year's \$5 million request would increase the hourly wage by an additional dollar.

Rep. Gibson also asked about Item 4. (DOH) Baby Watch Early Intervention Program, \$2.5 million ongoing, and the Governor's recommendation to fund a study of Baby Watch for \$100,000. Sen. Christensen indicated that the people at Baby Watch said that a study had already been conducted and they had suggested that the money be put into treatment. This year's \$2.5 million ongoing request would address caseload increase. Sen. Christensen said that the program has not seen any funding increases over the past two years. Its current budget is \$24 million.

Sen. Escamilla spoke in support of Baby Watch and was cognizant of the subcommittee's efforts to fund direct services. She offered to email a copy of the Baby Watch study to members of the EAC.

Co-Chair Sanpei expressed his appreciation to the chairs and the subcommittee for their efforts toward finding the reallocations and re-appropriating those funds to their building blocks and prioritizations.

d. Public Education (Tab 7)

Sen. Howard A. Stephenson and Rep. Steve Eliason, Co-Chairs, and Rep. Michael S. Kennedy, House Vice Chair, presented the [Public Education Appropriations Subcommittee Recommendations Report](#). Mr. Ben Leishman and Ms. Jill Curry, Fiscal Analysts, LFA, provided assistance.

Sen. Stephenson thanked Mr. Leishman and Ms. Curry for their exceptional work.

Sen. Stephenson called attention to the ongoing and one-time budget increases on pages 7-1 and 7-2. The subcommittee identified seven high priority programs at the top of the ongoing list that the subcommittee recommended fully funding: five Minimum School Program (MSP) programs and two Utah State Board of Education (USBE) programs. These items were labeled with the number 1.

For the remaining items, the subcommittee recommended that each item receive proportional funding based on the total amount of funding allocated for public education less any funds used for the high priority items. Sen. Stephenson stated that all of these programs have value. He also noted that there are some fiscal note education bills that were not on the list because they were not available at the time when the subcommittee met in its last prioritization.

In regards to the Minimum School Program, Rep. Kennedy reported that the subcommittee recommended increasing the WPU Value by 2.5 percent, approximately \$70.2 million. The subcommittee also recommended an additional 1.5 percent equivalent of \$42 million that will be used to fund changes to improve funding equity among schools.

Rep. Eliason added that the subcommittee recommended reallocating funding within the MSP to return to a single WPU Value for all programs. This would be accomplished mostly by reallocating funding appropriated to the Flexible Allocation program to fund an increase to the Special Education and Career & Technical Education Add-on WPUs.

Sen. Stephenson mentioned that the memorandum at the back of the packet provides some additional information on several budget actions taken since February 4, 2016. In particular, he noted that the subcommittee voted to include an additional fee to the fee schedule for the State Board of Education. The fee is for the ASPIRE student accounting database and implements the recommendations of the Free Market Privatization & Protection Board.

Rep. Kennedy stated that the subcommittee passed four intent language statements found on page 7-9.

Rep. Eliason called attention to the budget detail tables in the report.

Finally, Sen. Stephenson briefly discussed the fee schedule approved by the subcommittee on pages 7-10 and 7-11.

President Niederhauser asked if the funding for S.B. 38, School Funding Amendments was reflected in the report. Sen. Stephenson indicated that the funding for S.B. 38 is reflected on the “Ongoing Funding Budget Request Priority List” on page 7-1. He referred to the second item from the top, (MSP) Equity Funding & School Funding Amendments, \$42 million. Sen. Stephenson explained that the bill and a forthcoming substitute bill will provide equity for charter schools and greater equity for low lying districts. He clarified that districts will only receive the equalization money based on their effort.

President Niederhauser inquired about funding for USOE’s outdated data system. Rep. Eliason said that ongoing funding for (USBE) State Board of Financial Management Staffing Priorities, \$1,682,200 ongoing will address some personnel issues. One-time funding for (USBE) Enterprise Accounting System, \$300,000 one-time, will be used to hire a data consultant analyst to assess data and system needs.

Sen. Okerlund inquired about the funding for the Electronic High School. Sen. Stephenson clarified that the subcommittee did not fund the program this year but would use reserve balances so the program could continue next year. He said that the program needs to show some improvement going forward and that the subcommittee would take a closer look at the Electronic High School during the Interim.

Sen. Stephen acknowledged Ms. Sydnee Dickson, Interim Superintendent, USOE, and the outstanding job she is doing at USOE.

In response to Rep. Gibson’s inquiry, Ms. Dickson confirmed that the Electronic High School will have funding next year but may have to be scaled back. The \$1 million in reserve funding may not carry the program through four full quarters. Ms. Dickson briefly discussed other online programming options and equal access for all students.

Co-Chair Sanpei thanked the chairs for taking on the large task of budgeting for public education.

e. Natural Resources, Agriculture, and Environment Quality (Tab 6)

Sen. David P. Hinkins and Rep. Mike. K. McKell, Co-Chairs, and Rep. Kay J. Christofferson, House Vice Chair, presented the [Natural Resources, Agriculture, and Environmental Quality Recommendations Report](#). Mr. Ivan Djambov and Mr. Brian Wikle, LFA Fiscal Analysts, provided assistance.

Rep. McKell reported that the subcommittee had voted to reallocate \$2 million one-time in FY 2016 and \$2 million ongoing of unused funding in the Department of Environmental Quality facilities for alternative fuel vehicles. The subcommittee also reallocated \$438,000 one-time in FY 2016 of unused funding for a water adjudication special master.

The subcommittee moved to put the unused funds toward other priorities that included the following:

- *Covering budget shortfalls for the Utah Geological Survey (\$1 million ongoing and \$500,000 one-time) and the Division of Oil, Gas, & Mining (\$972,000 ongoing) that were due to falling energy prices and production;*
- *Operation of State Fair (\$675,000 one-time);*
- *Correcting sources of funding that the Department of Environmental Quality (DEQ) uses to pay for services from the Attorney General's Office (\$28,000 ongoing and one-time from the General Fund; offset by an equal reduction from non-GF sources);*
- *Increasing funding to the Office of Energy Development for lease payments (\$32,000 one-time);*
- *Providing funding for efforts to keep sage grouse from being listed as an endangered species.*

Rep. Arent inquired about Item 25. (DNR) USDC Dentistry, \$500,000 ongoing. Rep. McKell stated that Sen. Dayton had requested the hearing but the request would likely be considered for funding in another subcommittee.

Rep. Arent also asked about funding for Air Quality. Rep. McKell identified two one-time requests on page 6-2 that the subcommittee prioritized: Item 15. (DEQ) Air Quality Monitoring, \$1 million one-time, and Item 17. (DEQ) Air Quality Research – Uintah Basin, \$100,000 one-time. Rep. Arent named a number of successful programs that were not on the priority lists.

Rep. Christofferson remarked that the subcommittee had about \$50 million in requests that were pared down to just over \$15 million. He pointed out that the subcommittee tried to prioritize based on needs. Rep. Arent felt that the funding for Air Quality Monitoring might not be sufficient for the new monitoring locations and the outdated equipment that needs replacing.

Rep. Briscoe asked for a clarification on the Office of Public Lands (OPL) one-time requests for Item 7. (OPL) Public Lands Attorney, \$180,000 one-time; Item 8. (OPL) Rural Public Lands Attorney and Assistant, \$300,000 one-time; and Item 9. (OPL) State Sovereignty Grants, \$500,000 one-time.

Rep. McKell indicated that the subcommittee heard a request for This is the Place Monument, \$200,000 ongoing that did not go through the regular request for appropriations process. The subcommittee asked that the request be added to the list. Co-Chair Sanpei indicated that EAC could possibly hear this request at some future date.

President Niederhauser asked for more information on Item 27. Bonneville Shoreline Trail, \$200,000 one-time and Item 19. Soldier Hollow Critical Repairs, \$2,743,000 one-time.

Co-Chair Sanpei expressed his appreciation to the chairs.

3. Other Business/Adjourn

MOTION: Sen. Hillyard moved to adjourn. The motion passed unanimously with Sen. Gene Davis absent for the vote.

Co-Chair Sanpei adjourned the meeting at 5:56 p.m.